

Algeria's Economic Security in the COVID-19 Pandemic: Implications and Policies



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Abstract:

This study aims to examine the state of the Algerian economy amid the COVID-19 pandemic and its impacts on economic security across various institutions and sectors. It emphasizes the key strategies and national policies implemented by the Algerian government to confront and combat the virus, aiming to mitigate its economic repercussions. The study particularly focuses on the consequences of the dramatic decline in hydrocarbon prices, including gas and oil, which has markedly influenced the revenue and income streams of the national budget.

key words: Economic Security, COVID-19 Pandemic, Economic Consequences, Policies and Measures.

ملخص:

تسعى هذه الورقة البحثية إلى تحليل واقع الاقتصاد الجزائري في ظل تحديات جائحة كورونا (كوفيد-19)، والنظر في تأثيراتها المتنوعة على الأمن الاقتصادي للمؤسسات والقطاعات المختلفة. كما تهدف الدراسة إلى بحث الإجراءات والسياسات الوطنية التي اعتمدها الجزائر لمواجهة وكبح جماح الفيروس، والحد من التأثيرات الاقتصادية السلبية، خصوصاً في ظل الانخفاض الحاد في أسعار المحروقات مثل الغاز والبتروول، والذي كان له تأثير بالغ على الإيرادات والدخل العام للدولة.

الكلمات المفتاحية: الأمن الاقتصادي، جائحة كوفيد-19، التداعيات الاقتصادية، السياسات

والإجراءات.

Introduction:

The global community is currently grappling with unprecedented health and economic crises triggered by the COVID-19 pandemic. This situation has heightened concerns among nations and international bodies regarding the economic impacts stemming from the precautionary actions implemented to curb the soaring infection rates worldwide. Among these actions, significant economic shutdowns have been universally enacted, leading to sustained international efforts to implement emergency economic strategies. The ramifications of COVID-19 have effectively stalled the global economy, coupled with a drastic reduction in hydrocarbon prices. These developments have profoundly affected the Algerian economy, which is heavily dependent on hydrocarbon revenues to fuel its economic and social advancement.

Problem of the study:

This research addresses the impact of the COVID-19 pandemic on global economic security, with a specific focus on the Algerian economic landscape. It raises the critical question: To what extent does the COVID-19 pandemic influence Algerian economic security? Additionally, this study explores the most crucial and significant policies and actions undertaken to tackle the virus.

Study hypotheses:

As for the hypotheses of the study, we can put forward two main hypotheses:

- The coronavirus pandemic has affected Algeria's economic security.
- The initiatives and actions implemented have positively impacted Algeria's economic climate.

The importance of the study:

This study is pivotal as it illuminates the impacts of the COVID-19 pandemic on global economic security broadly, and on Algeria's economic stability specifically. It further underscores the critical policies and strategies deployed by Algeria in response to the pandemic, which have been instrumental in preserving Algeria's economic equilibrium.

Objectives of the study:

- Define the scope and implications of the COVID-19 pandemic.
- Illustrate the state of global economic security amid the ongoing Coronavirus outbreak.
- Examine the effects of the COVID-19 spread on the economic security of Algeria.

-Analyze the key policies and strategies implemented by Algerian authorities to address the pandemic and uphold the stability of the nation's economic security.

Approaches to the study:

Three essential methodologies were utilized in this investigation. Firstly, a descriptive and analytical approach was employed to analyze and depict the spread of the Coronavirus and its consequent impact on Algerian economic security, leading to the formulation of strategies and measures by Algerian authorities to foster economic stability. Secondly, a statistical approach was used to assess the influence of the pandemic on the overall condition of the Algerian economy. Lastly, a case study methodology was applied to narrow down the analysis and interpretation, focusing on the specific elements of the study, by researching the real conditions of Algeria's economic security.

Structure of the Study:

The structure of this study is segmented into four primary sections. The initial section provides a detailed definition of the COVID-19 pandemic. The second section examines the global economic landscape during the virus outbreak. The third section delves into the effects of the COVID-19 pandemic on the economic security of Algeria. The final section discusses the crucial economic strategies and actions Algeria has implemented to combat the COVID-19 outbreak.

1- Introducing the COVID-19 pandemic

Towards the end of 2019, global focus shifted to Wuhan, a city in China, where a novel virus, later named coronavirus (from the Latin "corona," meaning crown), was identified. While some referred to it as the coronavirus, the term COVID-19, an acronym for coronavirus disease 2019, became the standardized designation by the World Health Organization to denote the year it was first identified. (Hamidi, 2020, p. 56)

COVID-19 is a coronavirus, a large virus family that causes diseases ranging from the common cold (some seasonal viruses are coronaviruses), to more serious conditions such as sars-cov and mers- Common symptoms include fever, cough and shortness of breath. Other symptoms may include fatigue, muscle pain, diarrhoea, sore throat, loss of smell and abdominal pain. The time from exposure to symptoms usually takes about five days, but it may occur in two to fourteen days, and in most cases it leads to mild symptoms. (Kholoufi & Sharit, 2020, p. 1653)

This outbreak progressively worsened, with the number of affected individuals escalating as the virus initially emerged in China and subsequently spread globally, predominantly via travelers from China. This evolving

epidemiological situation prompted the Director-General of the World Health Organization to assemble the Global Emergency Committee on January 22 and 23, 2020, to assess the global threat level posed by the virus, which was initially deemed moderate. Following the committee's recommendation, on January 30, 2020, the WHO, through its Director-General, declared the novel coronavirus a global pandemic and a public health emergency of international concern. (Kholoufi & Sharit, 2020, p. 1654)

Globally, from late March to the end of August 2020, there was a stark and continuous increase in both infections and deaths due to the virus, escalating from 6,009 to 23,017,521 cases in under eight months. Recently, the majority of cases have been reported in North America and European countries, with rising numbers in smaller outbreaks across Latin America, Africa, and Russia. As of August 21, 2020, the global mortality rate from confirmed cases stood at over 3%, reflecting the virus's significant threat to human health. The persistent spread of the novel Coronavirus COVID-19 continues to evoke widespread anxiety and fear into the sixth consecutive month of 2020, significantly impacting all facets of life, health, and economy globally. Nations worldwide continue to amplify their efforts to discover a safe and effective treatment to curb the spread of COVID-19, though these endeavors have yet to achieve substantial success. (Kholoufi & Sharit, 2020, p. 1654).

2- The global economy in the shadow of the COVID-19 pandemic

Prior to the emergence of COVID-19, international entities had already revised their projections for global economic growth downwards due to existing challenges, such as trade disputes between China and the USA, geopolitical uncertainties, and unstable conditions in several countries. The International Monetary Fund, for instance, adjusted its growth forecast from 3.3% to 3.2% for 2020 following the virus's appearance, with further revisions anticipated in response to the pandemic's detrimental effects on global supply and demand chains. (Sidamar & Belalma, 2020, p. 139)

In this vein, the World Bank initially predicted a global economic expansion of about 2.4% in 2020. However, it noted that the prevailing uncertainties could lead to adjustments of these projections. Similarly, the United Nations projected that the global economy would achieve a growth rate of less than 2% in 2020, down from the pre-pandemic estimate of 2.5%, with potential additional adjustments due to ongoing uncertainties. (Arab Monetary Fund, 2020, pp. 3-4)

The Organisation for Economic Co-operation and Development (OECD) has adopted more realistic scenarios recently to evaluate the pandemic's threat to

the global economy, revising its global growth forecast down to 2.4%. (OECD, 2020, p. 1) The OECD's adjustments include a decrease in the expected growth rate of the US economy from 2.3% to 1.9% for 2020, owing to reduced public and private spending and uncertainties in asset prices. The forecast for the Eurozone was also adjusted down from an expected growth of 1.2% to 0.8%, due to reduced exports and a consumption slowdown. Moreover, growth projections for Japan were lowered from 0.7% to 0.2%, and for China from 6.1% to 4.9% for the year 2020. (Sidamar & Belalma, 2020, pp. 139-140)

Additionally, the Asian Development Bank's latest estimates as of mid-May 2020 placed the global economic losses caused by the pandemic between \$5.8 trillion and \$8.8 trillion, accounting for about 6.4% to 9.7% of the global GDP. Specifically, the losses for the People's Republic of China were projected between \$1.1 trillion and \$1.6 trillion, underscoring the extensive impact of the pandemic on various aspects of the global economy. (MANILA, 2020)

On this basis, the most important claims are as follows:

2.1 - The impact of the pandemic on global trade.

According to the latest insights from the Asian Bank regarding the global economic repercussions of COVID-19, international commerce is anticipated to plummet by \$1.7 trillion to \$2.6 trillion due to nations implementing travel bans and lockdowns to curb the virus spread. Additionally, the United Nations has reported that the global export industry has incurred losses totaling approximately \$50 billion due to the coronavirus outbreak. (UNCTAD, 2020)

2.2- The impact of the pandemic on global commodity prices and supply chains.

The pandemic has had a direct impact on the supply and demand of primary commodities, due to the total and partial lockdown measures adopted by 187 countries, as well as the disruption of the supply chains that move these commodities from producers to consumers around the world, and this impact has been exacerbated by the decline in economic growth. (WorldBank, 2020)

The World Bank predicts that the pandemic will result in enduring shifts in the demand and supply for basic goods, particularly affecting emerging markets and commodity-reliant developing nations, which it identifies as exceptionally susceptible to the pandemic's economic impacts. However, the overarching influence on markets for primary commodities will largely hinge on the trajectory of the crisis. (WORLD BANK, 2020)

2.3- The impact of the pandemic on the industrial sector.

Global industrial growth, already on a downtrend in 2019 due to trade disputes among leading economies, is forecasted to further decelerate amid the

economic disturbances sparked by the coronavirus pandemic. The year 2019 saw a consistent slowdown in global manufacturing output, with industrialized nations especially noting a significant reduction in production levels, although China still recorded robust quarterly growth rates surpassing 5% at the year's end. In the early months of 2020, China experienced a drastic production drop as Wuhan and other areas commenced shutdowns to manage the virus spread. (Angela , M & Haishan, F, 2020, p. 26)

For industrialized regions like North America, Europe, and East Asia, the direct impacts of the COVID-19 pandemic could not be gauged using data up to February 2020 since most of these countries initiated economic restrictions in March. Nonetheless, these nations had already observed further reductions in manufacturing output at the start of 2020, with global industrial production experiencing a steep fall, largely due to China's significant role in global manufacturing. It is anticipated that the global manufacturing sector will be affected by the pandemic in three primary ways: (Gbouli & Tawaitia, 2020, p. 136)

- Direct supply disruptions will impede production, particularly as the virus targets the world's industrial core in East Asia and swiftly spreads to other major industrial players like the US and Germany.
- Infections within the supply chain will intensify direct supply shocks, making it increasingly challenging and costly for manufacturing sectors in less impacted nations to procure industrial inputs from countries that are heavily affected.
- Demand will also suffer disruptions due to economic recessions and downturns, alongside consumer and investor uncertainty, which delay purchases.

2.4- The impact of the pandemic on tourism and transport.

Projections by the World Tourism Organization (UNWTO) and the World Travel and Tourism Council (WTTC) suggest that global tourist arrivals could decline by 20-30% in 2020, relative to the numbers recorded in 2019. Consequently, the revenue of the global tourism industry could see a reduction of around 50%, which translates to approximately \$350-400 billion during 2020. This decrease represents the reversal of seven years of growth, positioning the COVID-19 pandemic as the most severe crisis to impact the tourism sector over the last fifty years. The Arab Monetary Fund anticipates that the tourism industry worldwide may not rebound for the remainder of 2020, with the downturn expected to persist into 2021 even if the epidemic's spread is curtailed. This outlook is due to the lasting negative perception of the disease

among international tourists, and the continued impact through 2021, despite potential decreases in the epidemic's severity. (Boulras, 2020, p. 136)

It is important to note that several of the countries most heavily affected by the coronavirus pandemic, both in terms of infection rates and as pivotal elements of the global tourism network—as destinations, source markets, or both—will see prolonged economic impacts. These effects are particularly profound in regions that depend significantly on international tourism. The halt in tourism activities has severely impacted related services, including hotel and accommodation sectors, which saw a 75% decrease in March 2020, as well as food, entertainment, and transport and communication services. (Maryla, M., Aaditya, M, & van der Mensbrugghe, 2020, p. 04)

The transportation sector has been directly impacted by lockdowns, regional quarantines, and a marked reduction in global mobility, as numerous studies on population movements during the pandemic have indicated. The curtailment of global transport—whether international or domestic—has adversely affected various transportation sectors (land, sea, and air), with airlines experiencing particularly harsh consequences due to escalating costs. (Gbouli & Tawaitia, 2020, p. 138)

Airlines globally are projected to suffer a revenue loss of \$113 billion in 2020. During the peak of the pandemic, 70% of scheduled flights in China were canceled, and international travel effectively ceased by mid-March 2020. The World Travel and Tourism Council (WTTC) forecasts a reduction in global travel by at least 25% for the year. (Maryla, M., Aaditya, M, & van der Mensbrugghe, 2020, p. 04)

An analysis by the International Civil Aviation Organization (ICAO) revealed that, in March 2020, global seat capacity was slashed by 38% compared to March 2019, with passenger numbers dwindling by 54%, which equals a reduction of 198 million passengers (Angela , M & Haishan, F, 2020, p. 18), with the Asia/Pacific region recording the largest decrease in passenger numbers by 85 million by more than 60%, followed by the rest of the regions, and air cargo traffic decreased by 19% in March 2020, offset by the increased demand for cargo carriers in transporting medical supplies. (Gbouli & Tawaitia, 2020, p. 139)

Additionally, travel to and from areas with high infection rates, such as China, Italy, Iran, Saudi Arabia, and France, was significantly reduced. Flights between America and Europe were suspended, and several airports in the Middle East were closed. The United States prohibited entry to travelers from European airports into US territory. Data from the flight tracking service FlightRadar24 shows that the number of commercial flights worldwide has been significantly and negatively affected. With the decrease in air traffic globally, airlines are facing potential bankruptcy and expected to incur losses totaling

\$100 billion, while market values in the aviation industry have plummeted. (World Economic Forum, 2019)

Moreover, the detrimental effects of the coronavirus pandemic on the passenger air transport industry became starkly evident in March 2020 for all regions when compared to February 2020. The overall revenue for global air transport decreased from 10.7% in February 2020 to 55.8% in March 2020. This drop in March 2020 marks the most significant revenue decline for global passenger air transport since the events of September 11, 2001, largely driven by the extensive closure of international borders and travel restrictions imposed by numerous countries worldwide. (Sidamar & Belalma, 2020, p. 142)

The transport sector is among the sectors most affected by the consequences of the coronavirus pandemic, as its *raison d'être* is to move people and goods around the world for travel, tourism, trade, commerce, business... It also stimulates global economies by connecting its various components and enabling its movement. (Gbouli & Tawaitia, 2020, p. 139)

2.5- The impact of the pandemic on energy and oil prices.

The COVID-19 pandemic precipitated significant reductions in commodity prices during February and March 2020, with the energy sector experiencing the most severe impacts. Oil prices suffered due to reduced transportation demands and sluggish economic activity, despite production cuts by OPEC and its allies. By the close of the first quarter of 2020, an unprecedented decline in oil demand was recorded for the year, leading to a dramatic fall in oil prices during the pandemic. Oil prices were projected to recover to \$42 per barrel at both the beginning and the end of 2020, which was considerably lower than the pre-pandemic forecasts of \$58 per barrel and \$59 per barrel. (Kholoufi & Sharit, 2020, pp. 1663-1664)

Oil prices are expected to recover only gradually from their current low levels, before rising more strongly next year, which will be among the weakest recoveries from a price collapse in history, as forecasts reflect a projected decline in oil demand of almost 10% (9.3 million barrels per day), which is unprecedented in history, the previous largest decline being in 1980 when oil demand fell by 4%. (WORLD BANK, 2020, p. 08)

In its March 2020 monthly report, OPEC noted that the oil product markets in the United States and the European Union were adversely impacted by the pandemic's outbreak, with a marked decrease in demand for oil products, particularly jet fuel. This decline was a consequence of the disruptions in the air transport sector following the curtailment of global movements. Furthermore, the net revenues of oil refineries in various regions, notably in Asia, suffered as well. Additionally, the oil transport sector faced negative repercussions from the developments related to the COVID-19 pandemic, leading to subdued

expectations for the future of global oil production and transportation. (Al-Waleed Ahmed, 2020, p. 13)

It is worth mentioning here the historic low oil prices reached in April, as some benchmark crudes traded at negative levels, such as Texas Southern crude in the United States, which reached minus 37, and the International Energy Agency predicted that global oil demand will decline by a record 8.6 million barrels per day on an annual basis in 2020, according to the International Energy Agency (IEA). (Boulras, 2020, p. 168)

Despite the decline in oil demand during the pandemic, it will rise again in 2021 after a decline in the past few months, and this rise is estimated to be just under 1 million barrels per year, resulting in an increase of 5 to 5.6 million barrels per day, half of which will go to India and China. (Talal & Majali, 2021, p. 11)

2.6- The impact of the pandemic on the financial sector.

The COVID-19 pandemic introduced an unprecedented challenge by mid-February 2020, as market participants anticipated that the virus outbreak might escalate into a global health crisis. This anticipation led to a sharp decline in stock prices from their previously inflated levels, and in the credit markets, yield spreads widened significantly, particularly in high-risk categories such as high-yield bonds, leveraged loans, and private debt, where issuance activity halted. Concurrently, oil prices plummeted due to diminished global demand and the inability of OPEC+ nations to agree on production cuts, further eroding risk appetite. These turbulent market conditions prompted investors to seek refuge, leading to a precipitous drop in yields on safe-haven bonds. (Gbouli & Tawaitia, 2020, p. 139)

A number of factors amplified asset price movements, contributing to a sharp tightening of financial conditions at unprecedented speed and severity. Pressures were felt in key short-term funding markets, including the global US dollar market, a development reminiscent of the dynamics last seen during the financial crisis of ten years ago. There was a significant deterioration in market liquidity, including in markets traditionally viewed as very deep, and borrowed money investors came under pressure, with some reportedly having to close their positions to meet margin calls and rebalance their portfolios. (Gbouli & Tawaitia, 2020, p. 139)

3- The repercussions of the COVID-19 pandemic on Algeria's economic security.

The ramifications of the coronavirus extend beyond global health and the number of casualties. Its adverse effects and the high costs associated with the preventive actions implemented across various economic sectors—industry, transport, services, and trade—highlight the potential extent of damage to the

Algerian economy. This impact is exacerbated by the state's heightened vigilance and the preventive strategies enacted by the government. (Sidamar & Belalma, 2020, p. 143)

3.1-Effects of the pandemic on economic growth in Algeria.

Just as Algeria's economy was starting to emerge from a prolonged recession, it faced a more severe downturn due to the global outbreak of the Coronavirus, COVID-19, and the subsequent fall in oil prices, which dipped below \$25 per barrel on March 18, 2020. This downturn has significantly altered Algeria's economic landscape in 2020, where an oil price of \$30 per barrel is projected to decrease the nation's total fiscal revenues by 21.2%. Despite reductions in public investment by 9.7% and public consumption by 1.6% as outlined in the 2020 supplementary finance law, the budget deficit is expected to surge to 16.3% of GDP. GDP is projected to contract by 5.2% according to IMF estimates but is anticipated to rebound in 2021 with a growth rate of 6.23%, benefiting from an economic upturn and improved oil prices. (World Bank, 2020, p. 144)

The budget deficit is rising steadily from year to year to reach 19.97% of GDP in 2020, up from 9.32% in 2019, and this deficit is expected to reach 15.03% in 2021, while the public debt to GDP ratio reached 60.97%, up from 46.26% in 2019, and this deficit is expected to reach 65.83% in 2021, and the labour sector was not far from this crisis, as the unemployment rate during 2020 is expected to reach about 15. Measures to contain the Corona pandemic such as restricting movement and gatherings, along with the high level of economic uncertainty, will control private consumption and investment, and demand for services, non-essential consumer goods, and private investment will decrease, while the supply chain may be disrupted, and inflation will rise to 4% in 2020, and the interruption of supplies from China and Europe as a result of the Corona virus outbreak, which account for more than 80% of Algerian imports, may cause delays and increase the prices of imports. (Minh, 2020, p. 02)

3.2 - The effects of the pandemic on the industrial sector.

The imposition of movement and transportation restrictions across Algeria, in response to the initial outbreak of the pandemic, led to the cessation of approximately 50% of the workforce. This significant reduction in labor availability decelerated production rates and created bottlenecks in manufacturing processes. Moreover, enterprises faced increased wage expenses without proportional revenue, exacerbating financial burdens.

The disruption extended to the supply chains, diminishing the availability of raw and semi-finished materials essential for various industries. Specifically, the automotive spare parts industry, which was directly reflected in reducing production and disrupting assembly and manufacturing facilities, especially

those companies that depend on raw materials from China, as China's exports decreased by 11.4%, and its foreign trade decreased by 6.4%. 4 per cent, and its foreign trade declined by 6.4 per cent, according to the latest statistics of the General Administration of Chinese Customs. (Chinese government, 2020)

Both the industrial and consumer sectors in Algeria depend mainly on abroad, and China is among the most important suppliers to the Algerian economy with raw materials such as iron and aluminum, in addition to some medical and pharmaceutical equipment, and Chinese factories are the main supplier of some manufacturing sectors, and if we look at the automotive industry in Algeria, especially transport vehicles and trucks, heavily reliant on imports from China, experienced acute shortages due to factory shutdowns in the supplier country, affecting associated sectors including electronics and telecommunications equipment industries. (Sidamar & Belalma, 2020, p. 144)

In the national public sector, industrial production fell by 6.7% during the first quarter of 2020 when compared with the corresponding period in the previous year. Despite seeing positive developments in the third quarter of 2018, the mining sector, along with other professions, recorded a decline for the fourth consecutive quarter, decreasing by 4.8%. Building materials and textile industries also saw significant declines in production, dropping by 11.5% and 14.6% respectively in the first quarter of 2020.

3.3 - The effects of the pandemic on the hydrocarbon sector.

Oil and gas revenues, which account for 94% of Algeria's total export income and 60% of the national budget, were anticipated to decline by 7.5% in 2020 due to the global downturn in oil markets triggered by the pandemic. The Algerian government, acknowledging the economic strain, revised the hydrocarbon sector's revenue projections in the 2020 supplementary finance law to \$20.6 billion, down from an initially expected \$37.4 billion. (Boulras, 2020, pp. 168-169)

3.4 - The effects of the pandemic on the trade sector.

The plummeting oil prices, which fell below \$40 per barrel due to the pandemic, are projected to slash export revenues by 51%, thereby significantly widening the trade deficit to 18.2% of GDP and elevating the current account deficit to a peak of 18.8% of GDP in 2020. In the absence of additional economic measures and amid subdued domestic demand, financial reserves are predicted to dwindle to \$24.2 billion, equivalent to about 6.1 months of import coverage by year-end. (World Bank, 2020, p. 144)

Since the beginning of the epidemic in China, Algerian import, export and distribution companies have suffered heavy losses due to their dependence on imports from China, with 25% of Algeria's total imports, i.e. \$8 billion, and the most affected sectors were construction and public works. In turn, the Algerian

Company for Exhibitions and Exports SAFEX announced that all exhibitions and events scheduled for March and April 2020, namely the International Environment and Renewable Energy Fair, the International Fair for Olives, Olive Oil and Olive Derivatives, the International Exhibition for Lifts and Escalators Technologies, Maghreb Comedy Games and the Algiers International Exhibition for Cigarettes. (Sidamar & Belalma, 2020, p. 145)

On March 24, shops and supermarkets across the country recorded shortages of durum wheat semolina and soft wheat flour due to the large influx of citizens after the directives received by the national gendarmerie, police and quality control and fraud suppression teams from higher authorities, they intensified their campaigns against speculators and monopolists in all states and managed to seize hundreds of tonnes that were experiencing scarcity, Algeria also increased soft wheat supplies to mills to 6.3 million tonnes in March compared to 5.8 million tonnes in February and 5.7 million tonnes in January. Algeria increased soft wheat supplies to millers to 6.3 million quintals in March compared to 5.8 million quintals in February and 5.7 million quintals in January. (Sidamar & Belalma, 2020, p. 145)

3.5 - The impact of the pandemic on the transport and tourism sector.

In response to the government's March 2020 mandate to halt passenger sea transport to curb the spread of COVID-19, the Algerian Maritime Transport Complex suffered a 50% reduction in its revenue. This financial hit was particularly severe as the halt coincided with the summer months, traditionally the busiest period for passenger traffic. Consequently, the expected losses for this sector are projected to double.

While passenger services were disrupted, the freight segment of maritime transport initially experienced a decrease in activity during the early quarantine phase but swiftly resumed operations. This quick recovery was critical to sustaining essential supply chains, stabilizing market supply, and supporting the distribution networks. Consequently, the throughput of essential industrial and consumer goods, including iron, automotive components, chemicals, cereals, milk powder, and pharmaceuticals, largely maintained its pre-pandemic levels throughout this period. (Boulras, 2020, p. 168)

The aviation sector, represented by the Algiers Airport Corporation, faced significant financial challenges, with losses reaching 1.3 billion Algerian dinars since the cessation of regular flights, although flights for essential goods continued. This disruption led to a drastic 96% reduction in revenue compared to the same timeframe in 2019.

Similarly, the railway industry recorded losses amounting to approximately 1 billion Algerian dinars, equating to half of its usual revenue during the same

period in the previous year, as the company used to transport passengers more than 34.5 million passengers per year, at an average of 240 trains per day, due to the decision to suspend flights, the movement of passengers on the railway was halted by 100%. Due to the decision to suspend flights, the movement of passengers on the railway was suspended by 100%, and the transport of goods was not affected because the activity of transporting strategic commodities and products such as grain and iron was maintained at 100%. (Boulras, 2020, p. 169)

The tourism sector in Algeria has been severely impacted by the ongoing COVID-19 crisis, exacerbated by the suspension of international and domestic flights. The essence of tourism—travel, mobility, and freedom of movement—was directly hindered by the pandemic, particularly during the holiday seasons and Ramadan, which includes the Umrah pilgrimage, a significant source of revenue for many in this industry. The extensive reach of the pandemic led to a cessation of operations across travel agencies, the hospitality industry, and ancillary service and commercial activities that depend on tourist footfall for revenue. The extended duration of the crisis continues to depress the sector's financial health, with ongoing declines in income as the pandemic persists. (Boulras, 2020, p. 170) The Ministry of Tourism has estimated its losses as follows:

- Private hotels and travel and tourism agencies: The cessation of activity caused a decrease in turnover of 27.3 billion Algerian dinars per month.

- Hotel, tourism and water treatment complex: A decrease in turnover of 2.7 billion Algerian dinars per month.

- Algerian National Tourism Office: 87.6 million Algerian dinars per month.

- National Agency for the Development of Tourism: 31.56 million Algerian dinars per month. (Sidamar & Belalma, 2020, p. 147)

4- The economic policies and measures taken by Algeria in light of the COVID-19 pandemic.

4.1 - Encourage the diversification of the incomes of the Algerian economy.

Encouraging local production in various sectors to achieve self-sufficiency and move towards exports, to diversify the economy's income outside the hydrocarbon sector, which is subjected every time to collapses and exposes the local economy to successive financial crises that affect and paralyse it. (Kholoufi & Sharit, 2020, p. 1668)

4.2 Restructuring and rationalising government spending.

The Algerian government is undergoing an administrative and financial movement to change the financial policy by which it is managed, especially since it relies on large expenditures, part of which may go in directions with poor returns, and the COVID-19 pandemic has given us today a different view in prioritising spending and paying attention to necessities, security and directions with the greatest return, as it is necessary to gradually re-examine spending in the coming years and reduce it to good levels that will save a large part of the government spending amounts on it, Part of addressing government costs and expenses is the process of privatisation, whether the allocation of new projects or emerging initiatives, and this must be in accordance with high regulatory controls and principles that take into account implementation and priorities, as the rationalization of spending in Algeria must be subject to social and economic priorities. (Kholoufi & Sharit, 2020, p. 1668)

4.3- Providing customs and tax facilities.

On 17 March 2020, the General Directorate of Taxation announced the postponement of filing returns and paying fees and taxes, as an exceptional measure that does not entail any late penalty, in addition to facilitating the customs procedures for imported foodstuffs, while accelerating the associated banking procedures in line with the exceptional situation in the country. On 23 March 2020, an order was issued to the customs authorities to ease customs procedures for medical equipment and health products dedicated to fighting the Coronavirus by allocating a green corridor. (Sidamar & Belalma, 2020, p. 151)

4.4-Digitisation of some sectors and transactions.

The global outbreak of the Coronavirus COVID-19, particularly in Algeria, has significantly disrupted internal security and key economic sectors. In response, Algeria implemented various preventive and precautionary measures to curb the virus's spread among the populace. These measures included the closure of sea, air, and land borders, as well as the shutdown of educational institutions and the halting of various economic and social activities. Such measures were deemed crucial to ensure public safety, promoting social distancing, and minimizing direct human contact, it has become indispensable and an absolute necessity for its efficiency and effectiveness, so that the world, including Algeria, finds itself facing the need to rely on digitisation in order to ensure the continuity of some sectors, even remotely, including educational institutions as well as all productive and administrative public institutions. (Kholoufi & Sharit, 2020, pp. 1668-1669)

4.5-Monetary policy measures.

In an effort to mitigate the economic repercussions of the coronavirus, the Bank of Algeria introduced several monetary policy adjustments. Notably:

- The Monetary Policy Operations Committee enacted a reduction in the required reserve ratio from 10% to 8% and lowered the Bank of Algeria's benchmark interest rate by 25 basis points from 0.25%, setting it at 3.25% starting March 15, 2020. This decision aims to free up additional liquidity margins for the banking system, which would provide banks and financial institutions with additional means of support to finance the national economy at a reasonable cost.

-Bank of Algeria issued circular no. 2020 dated 6 April 2020 on exceptional measures to relax some of the precautionary provisions applicable to banks and financial institutions, in order to allow for an increase in funding capacity towards economic institutions, including postponing the payment of outstanding loan instalments or rescheduling loans for customers affected by the circumstances resulting from the outbreak of the pandemic. The policy adjustments continued with measures to support customers who had their loans postponed or restructured. This included lowering the minimum liquidity ratio for banks and financial institutions to boost available funding and exempting them from the mandatory establishment of a safety buffer.

-On 29-04-2020, the Monetary Policy Operations Committee decided to reduce the guideline rate applied to the main refinancing operations by 25 basis points 0.25% to fix it at 3% instead of 3.25%. Furthermore, the required reserve ratio was further reduced from 8% to 6% to inject a substantial additional amount of liquidity into the economy. Additionally, the Bank of Algeria increased its refinancing limits for negotiable public securities across various maturities: the threshold for securities with a remaining maturity of less than one year was raised from 90% to 95%, for those with a maturity from one to five years from 80% to 90%, and for securities with a maturity of five years or more from 70% to 85%.

However, these measures and policies failed to prevent the contraction of the money supply, which has declined by about 182 billion dinars since February, and bank liquidity at the end of May 2020 stood at 916.7 billion dinars compared to 1101 billion dinars in December 2019. (Kholoufi & Sharit, 2020, pp. 1668-1669)

Conclusion:

The COVID-19 pandemic has emerged as a formidable challenge to global economies, particularly impacting Algeria, where the economic ramifications have been profound. This health crisis has precipitated a sharp downturn in global demand across all sectors of goods and services, compelling many nations to impose export restrictions on strategic commodities. Algeria, like many other countries, has struggled to shoulder the economic burden of the pandemic. This struggle is reflected in the noticeable contraction in economic

growth and significant disruptions to the industrial and trade sectors, which have notably influenced both the exports and imports of the Algerian economy.

The hydrocarbon sector, which includes oil and gas, has also faced severe challenges. The pandemic has led to a reduction in Algerian oil and gas exports, which are critical to the national economy, accounting for 94% of Algeria's total export revenue and 60% of its state budget. Additionally, the transport and tourism sectors, vital for generating substantial income and contributing significantly to the state budget and the overall Algerian economy, have been adversely affected by the ongoing pandemic.

However, despite all these repercussions through the spread of the pandemic, Algeria has developed policies and taken various economic measures to confront the spread of the virus and preserve economic security from collapse and total stagnation. These measures may have been able to diversify the economy's income outside the hydrocarbon sector, restructure and rationalise government spending, and provide customs and tax facilities by facilitating and easing customs procedures for traders.

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